

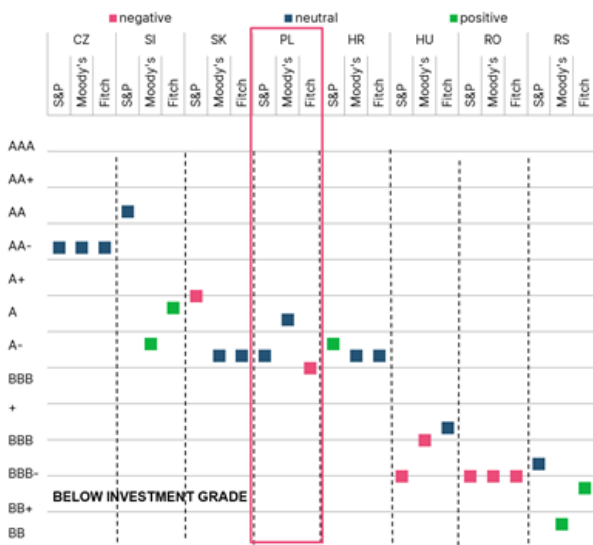
CEE MACRO AND FI DAILY

Fitch revises the rating outlook for Poland to negative

On the Radar

- Fitch Ratings has revised Poland's outlook to Negative from Stable while affirming its long-term foreign-currency issuer default rating at 'A-'.
- Today, at 9 AM CET, Czechia will publish trade balance in July, industrial output growth as well as unemployment rate in August.
- Slovakia will release at the same time trade data for July.
- At 11 AM CET Croatia will publish trade balance in June.
- At noon CET Serbia releases producer prices in August.

Ratings in CEE

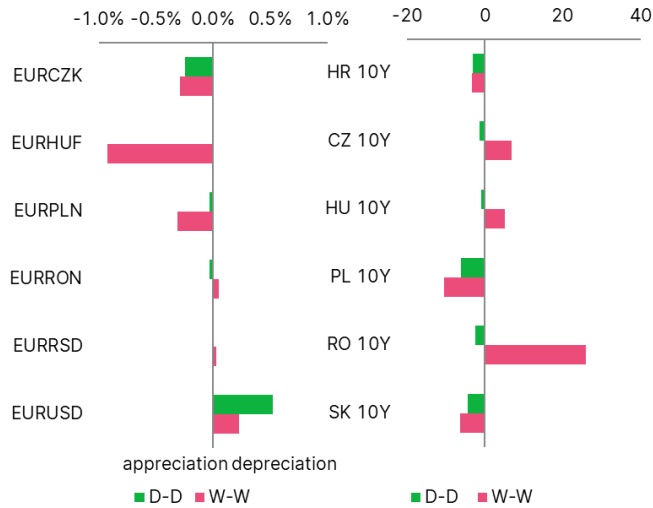


Source: Erste Group Research

Economic developments

Fitch Ratings affirmed Poland's long-term foreign currency rating at "A-" but revised its outlook to negative from stable, citing deteriorating public finances, high projected fiscal deficits, and rising debt. The agency forecasts the general government deficit will reach 6.9% of GDP in 2025 (well above the 'A' median of 2.9%) and public debt will rise towards 68% of GDP by 2027 (significantly above the peer median as well). Fitch Ratings noted political challenges as a risk to fiscal consolidation. Finance Minister Andrzej Domanski acknowledged the decision as a "warning signal". Budget deficit is projected to remain above 6% of GDP in 2026 and it may be difficult to curb ahead of parliamentary elections scheduled for autumn 2027. Despite these fiscal challenges, Poland's rating remains supported by its large, diversified economy, strong external position, and EU membership.

Market performance



Source: Erste Group Research

Market developments

The CEE currencies strengthened against the euro last week. The Hungarian forint gained the most, roughly 1% over the week, and the EURHUF went down toward 393, the lowest level in one year. On Monday, EURPLN is at 4.25 and the echoes of Fitch Ratings outlook review may still impact the FX and bond market in Poland. Further, MPC member Joanna Tyrowicz stated that the desired interest rate level is 5.75% from July 2025 (key interest rate currently at 4.75%), arguing that monetary policy must remain restrictive to bring inflation to target. On the other hand, Kotecki would see the space for monetary easing if price cap on electricity prices is extended. The government plans to urgently process a draft law to freeze electricity prices for households at PLN 500 per MWh for the fourth quarter of 2025. In Czechia, central banker Zamrazilova expressed the need to keep monetary policy restrictive for longer to limit inflation risks. In Hungary, the election campaign speeds up as Tisza party aims to reduce the tax for minimum-wage earners and to increase wealth tax on ultra-rich. Finally, Romania's government survived the no-confidence votes and the second set of reforms will be in place.

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Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
08. Sep		CZ	Industrial Production (y/y)	Jul		0.40%	0.20%
		CZ	Trade Balance	Jul		22.40	16.30
	09:00	SK	Trade Balance	Jul		100.00	334.40
	12:00	RS	PPI (y/y)	Aug			0.80%
09. Sep	08:00	RO	Trade Balance	Jul			-2373.60
	08:30	HU	CPI (y/y)	Aug	0.04	4.30%	4.30%
	08:30	HU	CPI (m/m)	Aug		0.00%	0.40%
	11:00	HR	PPI (y/y)	Aug			0.66%

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	24.37	-0.2	-0.3
EUR/HUF	392.62	0.0	-0.9
EUR/PLN	4.24	0.0	-0.3
EUR/RON	5.07	0.0	0.0
EUR/RSD	117.05	0.0	0.0
EUR/USD	1.17	0.5	0.2

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	3.48	-1	-2
HUF	6.50	0	0
PLN	4.75	-2	-7
RON	6.54	0	-3
RSD	4.68	0	0
EUR	2.05	-2	-1

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	4.33	-1	7
HU 10Y	7.13	-1	5
PL 10Y	5.34	-6	-11
RO 10Y	7.51	-3	26
HR 10Y	3.06	-3	-3
SK 10Y	3.49	-4	-6

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